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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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THE NORTHERN ASSURANCE COMPANY
OF AMERICA and AMERICAN HOME
ASSURANCE COMPANY,

Index No.:
08 CV 03289

Plaintiffs,

- against -

**DECLARATION OF
JOHN H. SHELONKO**

LAFARGE NORTH AMERICA, INC. and
AMERICAN STEAMSHIP OWNERS
MUTUAL PROTECTION AND
INDEMNITY ASSOCIATION, INC.,

Defendants.
-----X

JOHN H. SHELONKO declares under penalties of perjury as follows:

1. I am employed by defendant Lafarge North America Inc. ("LNA") as Director of Risk Management. I make this Declaration based upon my personal knowledge.
2. As Director of Risk Management for LNA, I have been involved in LNA's defense in the Katrina Barge Litigation in New Orleans and in LNA's defense of the various declaratory judgment actions filed by LNA's marine liability insurers in this Court. As part of the involvement, I have worked closely with Peter. Keeley, Esq., LNA's Senior Vice President and General Counsel, in dealing with Paul Smith of Mutual

Marine Office, Inc. ("MMO"), the representatives of New York Marine & General Insurance Co. ("NYMAGIC").

3. Throughout my involvement in the Katrina matter, Mr. Keeley and I have had numerous discussions with Mr. Smith, by telephone, through e-mail, and in person, concerning the status of LNA's claim and the extent to which NYMAGIC would agree to reimburse LNA for any liability it may have and defense costs it may incur. These discussions have focused on NYMAGIC's status both as the issuer of LNA's Primary Marine Liabilities Policy and as the lead insurer on NYMAGIC's Excess Marine Liabilities Policy.

4. On July 22, 2008, Mr. Smith sent an e-mail addressed to Susan Dorgan of AIG and Vincent Corteselli of IMU, who I understand to be the adjusters connected to American Home Assurance Co. ("AHAC") and The Northern Assurance Co. ("NACA"), respectively, the plaintiffs in this action. The e-mail was also copied to Mr. Keeley and me. A true and accurate copy of Mr. Smith's July 22, 2008, e-mail is annexed hereto as Exhibit F.

I hereby certify that the foregoing is true and correct to the best of my knowledge and that I am subject to punishment if any statements are willfully false.

Dated: July 28, 2008



JOHN F. SHELONKO

SHELONKO DECLARATION DATED 7/28/2008 - EXHIBIT F



"Smith, Paul (MMO, Claims)"
<PSmith@mmo.com>
07/22/2008 12:01 PM

To: "Dorgan, Susan" <Susan.Dorgan@AIG.com>, <vcorteselli@imu.com>
cc: "Keeley, Peter" <Peter.Keeley@Lafarge-na.com>, "Shelonko, John H." <john.shelonko@lafarge-na.com>, "Daniel Webb" <dwebb@swwslaw.com>, "Walker, Derek A. Esq." <walker@chaffe.com>, "Fisher, Robert B. Jr., Esq." <fisher@chaffe.com>, "Aldock, John D." <jaldock@goodwinprocter.com>, "Raffman, Mark S" <mraffman@goodwinprocter.com>
Subject: Lafarge - Katrina litigation; MMO # 118612ML05 primary; 121079ML05 excess

Susan and Vince,

The MMO primary policy is just about exhausted. I am updating my spreadsheet and will get it to you next week. As of 8/1/08 I will be sending copies of all payment requests and invoices to you for proportional payment by the excess policy.

To address concerns regarding conflict, here at MMO, George Sutcliffe is handling the coverage issues while I continue with the claim defense. For reporting purposes please advise how the conflict issue will be addressed at AIMA and IMU and whether you are the individuals who will continue to handle the underlying defense aspect of the claim.

Regards/Paul

Paul Smith, CPCU, ARM
Sr. Vice President, Claims

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NYMAGIC, INC. and the MMO Group of Companies

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Thank You!

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